

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 SAM-01 SAJ-01 CIAE-00 DODE-00 PM-03

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INFO AMEMBASSY BERN

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E.O. 11652: N/A

TAGS: EGEN, PO

SUBJ: PROSPECTS FOR PORTUGUESE TOURISM INDUSTRY

SUMMARY: DIARIO DE NOTICIAS THIS WEEK CARRIED TWO CONTRA-
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DICTIONARY ARTICLES ABOUT SITUATION OF IMPORTANT TOURISM INDUSTRY.

REUTERS SURVEY (OF TRAVEL AGENTS) FINDING OF NO SIGNIFICANT DECREASE IN HOLIDAY RESERVATIONS DIFFERED SHARPLY FROM CLAIMS OF ALGARVE HOTELKEEPERS THAT POLITICAL INSTABILITY HAS PRODUCED EXTENSIVE CANCELLATIONS. TOURISM INDUSTRY EARNED \$491.6 MILLION IN 1973, AND EMPLOYS 60,000 IN ALGARVE ALONE. END SUMMARY.

1. MARCH 19 DIARIO DE NOTICIAS CARRIED REASSURING ARTICLE THAT THE POLITICAL TURMOIL IS HAVING LITTLE EFFECT ON LUCRATIVE TOURIST INFLOW. LABELLED AS RESULTS OF REUTERS SURVEY OF TRAVEL AGENTS IN EIGHT EUROPEAN CENTERS, ARTICLE CLAIMED THAT MOST OF THOSE WHO HAD MADE RESERVATIONS FOR UPCOMING VACATION SEASON ARE KEEPING THEM DESPITE POLITICAL SITUATION, WHILE MANY PERSONS INTERESTED IN PERSONALLY VERIFYING THE NEW PORTUGUESE "PATH" ARE ALSO MAKING PLANS.

2. ARTICLE CLAIMED GERMAN BOOKINGS STEADY AFTER DECLINE LAST YEAR (ATTRIBUTED LARGELY TO CHOLERA SCARE). BRITISH AND SWISS HOLIDAY RESERVATIONS ALSO DESCRIBED AS IN GOOD SHAPE. THE BRITISH WERE DESCRIBED AS BEING MORE CONCERNED ABOUT GETTING AWAY FROM THEIR OWN ECONOMIC SITUATION THAN WITH PORTUGAL'S POLITICAL PROBLEMS, AND ANYWAY, BEACHES OF ALGARVE "LIE FAR AWAY FROM POLITICALLY AGITATED CENTERS." IN PARIS, MANY LEFTIST POLITICAL ORGANIZATIONS AND UNIONS ARE ORGANIZING EXCURSIONS TO THE FORMERLY DETESTED PORTUGAL. ONLY THE DUTCH AND SPANISH APPARENTLY REGISTERED QUALMS.

3. IN CONTRAST TO THIS ROSY PICTURE, THE SAME NEWSPAPER TWO DAYS LATER CARRIED AN ARTICLE DESCRIBING VISIT TO LISBON BY DELEGATION OF THREE HOTELKEEPERS FROM ALGARVE REPRESENTING LARGE GROUP OF COLLEAGUES. THEY DESCRIBED SITUATION AS TERRIBLE, SAYING THEY HAD RECEIVED WAVE OF CANCELLATIONS FROM FOREIGN TRAVEL AGENTS, ESPECIALLY DANES, SWEDES, AND ENGLISH, CITING POLITICAL INSTABILITY. BOOKINGS FROM ENGLAND, FOR EXAMPLE, WERE REPORTED AS DOWN 60 PERCENT FROM SAME PERIOD LAST YEAR. THEY SAID THEY WANTED TO ALERT "RESPONSIBLE ENTITIES" ABOUT NEED TO REESTABLISH FOREIGN CONFIDENCE IN PORTUGUESE STABILITY. THEY CITED IMPORTANCE OF TOURIST SPENDING AMOUNTING TO ABOUT \$480 MILLION LAST YEAR, AND LINKED IT WITH 60,000 JOBS IN ALGARVE ALONE.

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4. COMMENT: DIARIO DE NOTICIAS DID NOT MAKE CLEAR IF SURVEY WAS CARRIED OUT BEFORE MARCH 11 ATTEMPTED COUP. JUST AS OCCURRED AFTER APRIL 25 AND SEPTEMBER 28, TWO GREAT CONTRIBUTORS TO PORTUGUESE BALANCE OF PAYMENTS, TOURISM AND EMIGRANT REMITTANCES (LISBON A-46) SEEM BOUND TO DIP DURING CURRENT PERIOD.

5. NO FINAL FIGURES ON TOURIST SPENDING IN 1974 ARE YET

AVAILABLE. TOTAL NUMBER OF VISITORS, HOWEVER, WENT DOWN TO
2.6 MILLION FROM 4 MILLION IN 1973, A DROP OF 35.7 PERCENT.
IT SEEMS PROBABLE THAT TOTAL INCOME FROM TOURISM
ALSO WENT DOWN AT LEAST SOMEWHAT FROM 1973 LEVEL OF \$491.6
MILLION, WHICH PROVIDED NET \$269.2 MILLION CONTRIBUTION TO
BALANCE OF PAYMENTS IN THAT YEAR.
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